

# Asian Productivity Organization

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## PROJECT NOTIFICATION

13 May 2008

- 1. Project Code:** 08-RP-28-GE-STM-B
- 2. Title:** Study Meeting on Mergers and Acquisitions
- 3. Duration & Timing:** Four days, 19–22 August 2008
- 4. Venue:** Yogyakarta, Indonesia
- 5. Implementing Organization:**

Directorate General of Training and Productivity  
Development  
Ministry of Manpower and Transmigration R.I.  
Address: Jl. Jend. Gatot Subroto Kav. 51, Floor III/B  
Jakarta 12950, Indonesia  
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- 6. Number of Overseas Participants:** 18 participants from India, Islamic Republic of Iran, Japan, Republic of Korea, Malaysia, Pakistan, Philippines, Singapore, Sri Lanka, Thailand, and Vietnam. However, other member countries with special interest in the subject are also encouraged to apply.
- 7. Number of Local Participants:** Up to six local participants
- 8. Closing Date for Nominations:** 20 June 2008
- 9. Objectives:**

To examine the current trends in mergers and acquisitions (M&As) in the global market; analyze the obstacles and opportunities in M&A; and maximize the potential of M&As to create value for organizations.
- 10. Background:**

M&As are increasingly becoming an important strategy in the corporate world. In general term, it refers to the consolidation of companies. A merger is a combination of two companies to form a new one, while an acquisition is the purchase of one company by another with no new company being formed. It enhances shareholder value, expands operations, increases productivity, and improves corporate profits. Synergy is the factor that

attracts companies to M&As. Synergy takes the form of productivity improvement, generating revenue enhancement and cost savings.

Through M&As, companies hope to benefit in several ways. The first is economies of scale, since a combined company can often reduce duplicate departments or operations, lowering costs relative to the same revenue stream, thus increasing profits. The second is acquiring new technology. To stay competitive, companies need to remain abreast of technological developments and their business applications. By buying a smaller company with unique technologies, a large company can maintain or develop a competitive edge. The third is improved market reach and industry visibility. Companies buy other companies to reach new markets and grow revenues. A merger may expand both companies' marketing and distribution networks, providing new sales opportunities. A merger can also improve a company's standing in the investment community, because bigger firms often have an easier time raising capital than smaller ones. The fourth is increased revenue/market share. This assumes that one company will be absorbing a major competitor and thereby double its power.

Although M&As are almost a daily occurrence in US and European markets, they are increasingly becoming a major strategy to improve productivity and shareholder value in many APO member countries. For this reason, the first meeting on M&As was convened in 2007 in Malaysia. The meeting had noted that mergers and acquisitions had increased rapidly since 2000, witnessing significant cross border M&A as a preferred strategy for business to obtain synergistic advantage through scale and international outreach. Globally, 2006 recorded the highest M&A activities amounting over US\$3.8 trillion with increased M&A activity in the US, Europe, and Asia. The annual volume of cross-border M&As by Chinese, Indian and Middle East companies had also grown as these countries enter the stage of M&A as new and major players. Likewise, the meeting also noted increased M&A activity in many of APO member countries, namely Japan, Korea, Singapore, India, Malaysia, Thailand, Philippines, Pakistan and Vietnam which all appealed as emerging growth markets. It was evident that cross border M&A activities in Asia will continue to gather momentum in the future as well. The meeting also heard that only 30% of M&As were successful, while 70% failed. This failure it was noted came largely from poor execution or post-merger integration. The meeting concurred that in order to assist businesses in APO member countries, it was essential to help them understand M&A transactions and take advantage of them as a new strategy to improve productivity and shareholders' value by maximizing the positive effects and opportunities that M&As presented.

#### **11. Tentative Scope of Discussions:**

- Concept, trends, and perspectives of M&As
- Regulatory and institutional frameworks
- Types of M&As and current practices in global as well as Asian markets
- Obstacles and opportunities: lessons for developing countries
- Obstacles and opportunities: lessons learned from US and European experiences
- Achieving synergy and post merger success.

#### **Methodology**

Presentations and lectures, group discussions, case studies, country presentations, and interactive discussions.

## 12. Qualifications of Participants:

Business owners/leaders, government regulators, senior market researchers, and senior productivity experts dealing with M&A-related matters.

## 13. Financial Arrangements:

- a) To be borne by the APO
  - i) All deputation costs of overseas resource persons.
  - ii) Round-trip economy-class international airfare for all overseas participants between the nearest international airport from the place of work and Yogyakarta by the most direct route. All participants are encouraged to purchase discounted economy-class tickets (IATA PEX, ZONE PEX, or other applicable discount schemes). It should be noted that no additional per diem allowances will be provided due to early arrival, delayed departure, rerouting of tickets, or any other reason whatsoever.
  
- b) To be borne by the host country (Indonesia)
  - i) Expenses for hotel accommodations for 18 overseas participants for five days;
  - ii) Per diem allowances for 18 overseas participants at the rate to be prescribed later for up to five days; and
  - iii) All other local implementation costs.
  
- c) To be borne by the participants or participating countries
  - i) All participants should be fully insured against accident and illness (including hospitalization) for the principal sum of US\$10,000 for the entire duration of the project and travel, and must submit to the APO before participation a copy of the comprehensive travel insurance certificate valid in Indonesia. The cost of such insurance will be borne by the participant or participating country. This insurance requirement is in addition to existing government insurance coverage in some member countries. If any participant is unable to insure himself/herself as stipulated above, he/she should secure this insurance in the host country at the commencement of the project and pay the premium himself/herself. ***Neither the APO nor the implementing organization will be responsible for any eventuality arising from accident or illness.***
  - ii) Any expenses incurred by participants for stopovers on the way to and from the project venue or for extra stay at the project venue before and/or after the official project period due to early arrival, late departure, or any other reason whatsoever.
  - iii) Any expenses related to visa fees and airport taxes.

## 14. Actions by Member Countries:

- a) Nomination of candidates
  - i) Member countries are requested to nominate up to two candidates in accordance with item 12 above. The key criterion for selection is whether their qualifications and work experience match the nature of the project. Nonselection of candidates is not a reflection on their competence.

- ii) Member countries are also requested to inform the Secretariat as soon as possible if they do not wish to participate in the meeting, so that vacancies thus created can be allocated to other member countries.
  - iii) Nominations, accompanied by the candidate's biodata on the APO standard form in duplicate along with a passport-sized photograph and the Medical and Insurance Declaration/Certification Form, should reach the Secretariat **no later than 20 June 2008**. The biodata form is available on the APO Web site. Downloading information is also available from [www.apo-tokyo.org](http://www.apo-tokyo.org). If a digital photograph is not submitted electronically, a hard-copy photograph should be sent to the APO Secretariat by postal mail, with the candidate's name and project code clearly marked on the back. NPOs are encouraged to submit their nominations in electronic form.
  - iv) Every candidate must complete and submit a copy of the APO Medical and Insurance Declaration/Certification Form with his/her biodata at the time of nomination. Please note that self-declaration is sufficient for candidates without any of the health conditions or illnesses enumerated on the reverse side of the medical form. However, for all others, medical certification by a recognized physician on the reverse side of the medical form is required.
  - v) Accepted participants should be advised not to bring family members or engage in any private business activity during the entire duration of the project. Further, they should be requested to inform the APO promptly of their inability to participate and the reason for last-minute withdrawal.
- b) Preparation of country papers
- i) Each participant, once officially accepted by the APO, is required to prepare a country paper covering the themes mentioned in "Tentative Scope of Discussions" (Point 11) of this document. The participant will also be required to present the paper at the meeting.
  - ii) The country papers should be submitted to the Secretariat no later than 8 August 2008.

(signed)  
Shigeo Takenaka  
Secretary-General

cc: Head of NPC India